



OFFSHORE OPERATORS COMMITTEE

Minerals Management Service
Attention: Rules Processing Team
381 Elden St, MS-4024
Herndon, VA 20170-4817

Re: Oil and Gas and Sulphur Operations in the OCS—Safety and Environmental Management
Systems-AD 15
ANPR May 22, 2006, RIN 1010-AD 15

Gentlemen:

The Offshore Operators Committee(OOC) and the American Petroleum Institute(API) appreciate the opportunity to provide the Minerals Management Service(MMS) Rules Processing Team with comments and feedback on the Advanced Notice of Proposed Rulemaking (ANPR) concerning MMS' regulatory approach to safety and environmental management systems (SEMS) for operations conducted in the OCS. The comments presented herein represent areas where we believe there is common understanding and opinion among the numerous and diverse base of operators conducting OCS operations. We have encouraged our member companies to submit their own comments; therefore, they may have comments that differ from those presented in this letter.

MMS and OCS operators share a common goal of minimizing injuries, accidents and environmental damage. However, this is not fully achieved by having detailed, fully descriptive and overly complicated plans on paper, be they either due to prescriptive regulations, or completely voluntary by operators. It takes awareness, commitment and the responsibility of individuals in all levels of the workforce.

OOC and API are supportive of MMS' efforts to extend the use of performance-based regulations on the OCS. As noted in the ANPR, API developed API RP 75, "Recommended Practice for Development of a Safety and Environmental Management Program for Offshore Operations and Facilities" in 1991 and added additional environmental guidance in 2002. We believe that API RP 75 serves as an excellent basis for operators to develop a sound safety and environmental management program that can be customized to fit the various types of operations and management styles of the various operators on the OCS. As demonstrated in the MMS performance measures, the rate of incidents has significantly decreased since 1996 which we believe can be attributed to operators focusing on safety and protecting the environment. We believe that having a flexible program that can be customized to meet the needs of each individual operator on the OCS is one of the keys to an effective safety and environmental program.

Our member companies are very diverse and may range from an operator with one platform utilizing solely contract personnel to the largest integrated companies in the world with hundreds of platforms and rig activities and utilizing both company and contract personnel and every size and type of company

in between these two extremes. The management styles of the various companies coupled with the different company cultures make for a very diverse operating region. Some companies prefer highly prescriptive regulations so they always know exactly the rules to follow while others prefer a much more innovative approach that allows them the latitude to apply best practices and lessons learned. MMS regulations currently allow for this flexibility since alternative compliance to the regulations can be proposed by any operator under the provisions of 30 CFR 250.141-142 and granted by MMS. Therefore, an operator today who has a fully implemented safety and environmental program could propose alternative compliance to the current regulations based on his program and MMS could grant alternative compliance. No changes to the current regulations are needed for this to occur.

We also believe that MMS must be able to effectively administer their own regulations within their personnel and budgetary limitations. As the regulations become more performance based and operators create more varied programs to meet those regulations, MMS will have to develop customized verification programs to meet the various performance based schemes. Given MMS limited resources, we are concerned that MMS will have difficulty administering these customized approaches. If every operator on the OCS developed a SEMS program along with a different alternative compliance program, we believe MMS would have difficulty in effectively administering all of these different programs and would move toward standard alternative compliance measures.

Finally, we question whether mandating that all operators have a SEMS program will actually improve the safety and environmental record on the OCS. A company can have a thorough and detailed written program that is fully implemented on the corporate level, including a functioning audit program, and still have accidents and incidents occur. In many cases, this may be due to individuals not taking personal responsibility and fully following the program. Mandating operators to simply have a program will not solve this problem. Programs that address this behavioral aspect can better address this issue. The incident investigation reports mentioned in the ANPR do not state if the company had implemented programs in hazards analysis, operating procedures, mechanical integrity and management change or if personnel had failed to follow the company programs and procedures. Therefore, it is not possible to know if fully implemented SEMS programs would have prevented these incidents from occurring.

OOC and API have developed responses as appropriate to the specific questions MMS asks in the ANPR. We encourage MMS to carefully analyze all of the comments received. If MMS determines that a public workshop could be beneficial to both MMS and OCS operators for the further exchange of ideas on this subject, then we suggest that MMS consider holding the workshop sometime in the second quarter of 2007, when operators recovery efforts from the previous storms have reached a stable level.

Very truly yours,

Allen J. Verret
Executive Director
Offshore Operators Committee

CC: Mr. Tim Sampson-API Staff

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MMS Question	Response
<p>1. Which of the three identified approaches do you consider most responsive to MMS's state goals and why?</p>	<p>We believe that the best approach is one in which allows both OCS operators and MMS flexibility and therefore is a combination of the approaches suggested by MMS. Some operators prefer having highly prescriptive regulations similar to the current regulations.. This may be the most efficient system for operators and the regulators to follow. However, some operators would prefer to have a complete, comprehensive performance based system where by MMS would develop performance based regulations based on API RP 75 and other recommended practices. For many companies, having to develop and implement such a comprehensive performance based program would be overly burdensome and more attention may be spent trying to develop and implement the program that it actually moves the focus from actual safety concerns to program development and maintenance. We believe that maintaining a voluntary approach to developing SEMS plans is the best and gives each company the maximum flexibility to design a program that meets their corporate culture. If MMS decides to mandate SEMS programs, we believe that the limited mandatory SEMS approach with the encouragement of developing a full SEMS program would be achievable. If this approach is chosen, we believe that giving the operator the maximum flexibility to design the program is needed. We do not support mandating a complete SEMS approach. We believe that this will not necessarily achieve MMS' stated goals and will be overly burdensome on OCS operators and MMS.</p>

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<p>2. Are there other safety and environmental management systems or programs that MMS should review? Please provide as much detail as possible.</p>	<p>We believe that API RP 75 provides an excellent basis for an operator to develop a SEMS program.</p>
<p>3. Does the subpart O model using audits, informal employee interviews, and testing described above, provide a suitable model for verifying the implementation of a performance based safety and management program? Are there alternative approaches to the subpart O model that the MMS should consider?</p>	<p>We believe the flexibility allowed under the Subpart O regulations is good.</p>
<p>4. Should MMS review the SEMS plan, review and approve the SEMS plan, or have an independent third party verify, review and approve the SEMS plan?</p>	<p>We do not believe that MMS should approve the SEMS plan. We do not believe that MMS has the necessary resources and expertise to review and approve a minimum of one plan for each OCS operator. We don't believe that a third party should "approve" a SEMS plan. If an operator wanted to demonstrate to MMS that they have developed all or part of a plan, they could have a third party certify the plan as meeting the plan objectives and then auditing the plan.</p>
<p>5. Should SEMS plans be in addition to the current prescriptive regulations or should the SEMS plan be in lieu of certain prescriptive regulations?</p>	<p>This is a question best left to individual operators to answer. From an Industry standpoint, we believe having flexibility is one of the keys to good regulation.</p>
<p>6. What standards should a SEMS plan include to provide consistent and credible approaches to offshore operational safety and environmental performance? --Would these documents, standards or guidelines be domestic or international? --Would these documents, standards, or guidelines be accepted industry best practices or internal company policies and</p>	<p>Each operator should develop his plan as fits his operations and corporate culture. The plan should be clearly written and reference as appropriate all documents, standards or guidelines used in its development.</p>

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procedures?	
7. What criteria should the MMS use to determine whether an operator has a viable SEMS plan?	We believe SEMS plans should be voluntary. However, if either MMS requires a SEMS plan or if an operator chooses to utilize it as part of an alternative compliance program, then the operator could either self certify that they have a plan or a third party certification could be provided.
8. Is API RP 75 a sufficient model for addressing all the factors associated with offshore industry practices? If not, please provide the MMS with your suggestions on an appropriate model.	We believe that API RP 75 is a very good guidance document on developing a SEMS plan that allows operators to tailor the program to their individual needs.
9. Are there existing programs or initiatives industry is currently using that can further our ability to verify and track environmental compliance, such as ISO 14001:2004, SempCheck, European eco-Management and Audit Schem, or Global Environmental Management Initiative.	We believe that operators should be given the flexibility to propose the tracking of safety and environmental compliance. Further, we note that USCG and EPA have regulations covering environmental compliance and they have reporting and tracking mechanisms separate from MMS.
10. How can MMS improve its current regulatory model to incorporate environmental performance measurement systems?	It is unclear why MMS needs to improve its current regulatory model to verify compliance in areas that are regulated by other governmental agencies.
11. What are the most appropriate compliance measures that are responsive to our broad environmental performance standards referenced in the :The Regulatory Program: section of the ANPR? Shid	This question is best answered by individual operators since it is anticipated that a wide range of answers may be given.

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12. Should MMS consider developing a "pilot program" for outstanding operators?	We believe developing a meaningful pilot program will be difficult given the wide range of operations and the number of different companies that operate on the OOC. <i>Yes</i>
13. What measure(s) should we use to determine who is allowed to participate?	Operators should nominate themselves for the pilot program and state why they should be allowed to participate and should propose how they believe the pilot program should be structured. <i>Yes</i>
14. How should MMS judge prospective "pilot program" applicants? Should an applicant be required to submit a complete SEMS program or plan to MMS for evaluation? Should MMS approve such a program?	See 13 <i>Yes</i>
15. Should a pilot program be for a fixed period of time? How long?	See 13 <i>Yes</i>
16. Should performance issues trigger a premature end to an operator's participation in a pilot program?	No. It is well known that performance issues occur from time to time even among the best of operators. The pilot program should be used to see what would occur if the program was fully implemented. <i>Yes</i>
17. What measures should be considered?	See 13 <i>Yes</i>

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18. What type of MMS regulatory regime do you recommend for companies in a pilot program?	See 13 Shed
19. What prescriptive regulations and permitting requirements should be excluded from this alternative regulatory program?	This question is best answered by individual operators since it is anticipated that a wide range of answers may be given. Shed
20. What advantages does a SEMS regulatory approach have for companies compared to prescriptive approach?	This question is best answered by individual operators since it is anticipated that a wide range of answers may be given. Shed
21. What disadvantage does a SEMS regulatory approach have for companies as compared to a prescriptive approach?	This question is best answered by individual operators since it is anticipated that a wide range of answers may be given. Shed
22. Should the SEMS pilot program include only four elements as mentioned above or should it be for all 12 elements?	See 13 Shed